

U.S. Department of the Interior
Bureau of Land Management
White River Field Office
220 E Market St
Meeker, CO 81641

CATEGORICAL EXCLUSION

NUMBER: DOI-BLM-CO-110-2011-0020-CX

CASEFILE/PROJECT NUMBER: COC-57190 Logical Mining Unit (LMU)

PROJECT NAME: Blue Mountain Energy (BME) 2011 Proposed Nitrogen Injection and Degas Holes

LEGAL DESCRIPTION: T3N, R101W, 6th PM
Sections 20, 28, and 29

APPLICANT: Blue Mountain Energy

DESCRIPTION OF PROPOSED ACTION:

Background/Introduction: Deserado is an existing underground coal mine that utilizes longwall mining techniques. It was permitted in 1981 and supplies coal to the Bonanza Power Plant in Bonanza, Utah. The coal is shipped 37 miles via electric train from the mine to the power plant. In December 2007 spontaneous combustion started a fire in the longwall panel 7B gob (mined out area). To control and prevent additional coal fires, an oxygen free atmosphere is maintained in the longwall panels' gob. This is accomplished by displacing the oxygen with nitrogen. Nitrogen is removed from the atmosphere by a nitrogen generator located on private surface above the longwall mining panels. It is then piped into the underground workings through strategically located vertical holes. As mining progresses additional holes are required to maintain an oxygen deficient atmosphere and distribute the nitrogen into newly developed gob areas. These nitrogen holes are required by Mine Safety and Health Administration (MSHA).

Active mining areas along the longwall panel development entries require drilling of de-gas holes to prevent build up of gases that are released during longwall mining activities. These de-gas holes are also required by MSHA. Both nitrogen and degas hole locations are limited by the proximity of the hole to the mine workings and to other holes.

Proposed Action: Blue Mountain Energy (BME) is requesting permission for four additional nitrogen access holes, five de-gas holes (LWB12-1 through 5) and installing 1,110 feet of 3 inch surface nitrogen gas pipeline on federal surface from N9-56 to N10-53. LWB12-2 is located on private surface (see Figures 1 and 2). Due to the small bore and shallow depths a small drilling rig would be used during drilling of the holes. These small rigs require a pad size of approximately 100 feet by 120 feet. Access to pads is typically 12 feet or less (width) and use minimal blade work. Estimated pad disturbance is in the following table:

Site	Pad (acres)	Access (feet)	Access (acres)
BLM Surface			
LWB12-1	0.3	1,280	0.35
LWB12-3	0.3	0	0
LWB12-4	0.3	2,230	0.61
LWB12-5	0.3	0	0
N10-12	0.3	730	0.20
N10-26	0.3	1,410	0.39
N10-38	0.3	1,010	0.28
N10-53	0.3	570	0.16
Total	2.4	7,230	2.0
Private Surface			
LWB12-2	0.3	0	0
Total	0.3	0	0

Total new disturbance for the project would be approximately 5 acres, 4.4 acres on BLM surface and 0.3 acres of fee surface.

Drilling and construction is proposed to begin spring of 2011 through fall 2011.

Reclamation standards for nitrogen and longwall de-gas holes are located in the reclamation portion of the approved Blue Mountain Energy Inc., Deserado Mine Mining Permit.

PLAN CONFORMANCE REVIEW: The proposed action is subject to and has been reviewed for conformance with (43 CFR 1610.5-3, BLM 1601.08) the following plan:

Name of Plan: White River Record of Decision and Approved Resource Management Plan (ROD/RMP).

Date Approved: July 1, 1997

Decision Number/Page: 2-7

Decision Language: "Ensure that federal coal resources identified as acceptable for further consideration for coal leasing, are available for exploration, leasing and development."

CATEGORICAL EXCLUSION REVIEW: The proposed action qualifies as a categorical exclusion under 516 DM 11.9, Number F-8. "Approval of minor modifications to or minor variances from activities described in an approved underground or surface mine plan for leasable minerals (e.g., change in mining sequence or timing)."

The proposed action has been reviewed with the list of extraordinary circumstances described in the table below. This categorical exclusion is appropriate in this situation because there are no

extraordinary circumstances potentially having effects that may significantly affect the environment. None of the following exceptions in 43 CFR 46.215, apply.

Exception	YES	NO
a) Have significant adverse effects on public health and safety.		X
b) Have significant impacts on such natural resources and unique geographic characteristics as historic or cultural resources; park, recreation, or refuge lands; wilderness areas; wild or scenic rivers; national natural landmarks; sole or principal drinking water aquifers; prime farmlands; wetlands, floodplains; national monuments; migratory birds; and other ecologically significant or critical areas.		X
c) Have highly controversial environmental effects or involve unresolved conflicts concerning alternative uses of available resources.		X
d) Have highly uncertain and potentially significant environmental effects or involve unique or unknown environmental risks.		X
e) Establish a precedent for future action or represent a decision in principle about future actions with potentially significant environmental effects.		X
f) Have a direct relationship to other actions with individually insignificant but cumulatively significant environmental effects.		X
g) Have significant impacts on properties listed, or eligible for listing, in the National Register of Historic Places as determined by either the bureau of office.		X
h) Have significant impacts on species listed, or proposed to be listed, on the List of Endangered or Threatened Species, or have adverse effects on designated Critical Habitat for these species.		X
i) Violate a Federal law, or a State, local or tribal law or requirement imposed for the protection of the environment.		X
j) Have a disproportionately high and adverse effect on low income or minority populations		X
k) Limit access to and ceremonial use of Indian sacred sites on Federal lands by Indian religious practitioners or significantly affect the physical integrity of such sacred sites.		X
l) Contribute to the introduction, continued existence, or spread of noxious weeds or non-native invasive species known to occur in the area or actions that may promote the introduction, growth, or expansion of the range of such species.		X

INTERDISCIPLINARY REVIEW:

The proposed action was presented to, and reviewed by the White River Field Office interdisciplinary team on 11/09/2010. A list of resource specialists who participated in this review is available upon request from the White River Field Office.

REMARKS:

Cultural Resources: The project area was inventoried at the Class III (100% pedestrian) level. Four Isolated Finds, categorically Not Eligible for listing on the National Register of Historic Places (NRHP) were located. One previously recorded, NRHP-Eligible site, 5RB.6470, occurs at the edge of the project's APE. By design, the project will avoid the site by approximately 50 meters (Conner and Davenport 2010a, Conner and Davenport 2010b). Because of the stated linear distance between the site and a proposed drill hole pad, a vertical difference of approximately 30 feet, and the non-sensitive nature of features and artifacts at the site, the proposed undertaking has no significant potential to affect 5RB.6470 or any other NRHP-Eligible historic property. (GH 12/14/2010)

Native American Religious Concerns: Letters requesting government-to-government consultation regarding a list of planned 2010 WRFO projects and EAs were sent on 1/27/2010 to the Ute Mountain Ute Tribe, the Southern Ute Tribe, the Ute Tribe of the Uintah & Ouray Reservation, and the Eastern Shoshone Tribe, with follow-up phone calls on 3/15/2010 and a link to an online, updated EA/EIS list mailed on 8/20/2010. Currently, no Native American Religious Concerns or Traditional Cultural Properties are known in or near the project area. Should future consultations with tribal authorities reveal the existence of such sensitive properties, appropriate mitigation and/or protection measures may be undertaken. (GLH 12/14/2010)

Paleontological Resources: The project area overlies the upper part of the Mesaverde Group, considered a Potential Fossil Yield Class (PFYC) 5 (high-yield) formation, known to produce scientifically valuable fossils of dinosaurs, reptiles (turtles & crocodilians), mammals, fish, ichnological traces, snails, and plants, in conjunction with coal beds (Tweto 1979; Armstrong and Wolny 1989). Because the project occurs predominately on deep sedimentary surfaces, and because the proposed action is not expected to require significant excavations, there is a negligible potential to affect important fossil resources. Special mitigations, given below, will apply. Because hole drilling has a very limited footprint and does not allow for the recovery of intact, scientifically valuable specimens, the excavation of injection and de-gas holes does not need to be monitored by a paleontologist. (GH 12/14/2010)

Threatened and Endangered Wildlife Species: The project area provides potential habitat for several BLM-sensitive animal species including: ferruginous hawk, white-tailed prairie dog, burrowing owl, black-footed ferret and greater sage-grouse. Small inclusions of white-tailed prairie dog colonies, the nearest being approximately 0.25 miles away, are located northeast of the project area. There are several historic ferruginous hawk nests located in the vicinity of the project area (nearest ~ 0.2 miles from project area). Intensive aerial and ground surveys were conducted during the 2009 breeding season, with all known historic locations revisited. No birds were observed within one mile of the project area. Raptor surveys will be conducted by BLM wildlife staff prior to construction initiation to determine activity. Intensive ground surveys were conducted for burrowing owls during the 2009 breeding season. The nearest known nest location/territory is approximately 2.5 miles from the project area. The nearest known black-footed ferret population is located 14 miles from the project area.

The project area is located in overall sage-grouse range but likely has not seen any substantial use by sage-grouse since the mid-1980's. The immediate vicinity is a matrix of juniper dominated ridges interspersed among narrow, Wyoming sagebrush dominated valleys. The understory, which lacks any substantial perennial ground cover, is heavily degraded and dominated by cheatgrass. There are no known active leks within 10 miles of the project area. The nearest known inactive lek is over three miles from the project area. (LB 01/05/11)

Terrestrial Wildlife: The project area lies within mule deer severe winter range. By definition these ranges support 90% of the herd during the worst three winters of 10 and are classified by the Colorado Division of Wildlife as critical habitat. In general these ranges experience the heaviest use between January and April. All earthwork/disturbance associated with the proposed action should be conducted outside the mule deer critical use period of January 1 – April 30. (LB 01/05/11)

Threatened and Endangered Plant Species: No Concerns (MLD 01/05/2011)

MITIGATION:

1) *BLM Handbook of Guidelines and Procedures for Inventory, Evaluation, and Mitigation of Cultural Resources:* V.I.O.: In the event that cultural resources and/or human remains are discovered during operations, activity in the vicinity of the discovery will cease, and the BLM authorized officer will be notified immediately. BLM, in cooperation with the proponent and/or cultural resource consultant, will ensure that the cultural resources and/or human remains are protected from further disturbance until BLM determines the treatment approach, and the treatment is completed.

Unless otherwise noted in treatment plans or agreements, BLM will evaluate the cultural resources and, in consultation with the SHPO, select the appropriate mitigation option within 48 hours of the discovery. BLM will implement the mitigation in a timely manner. The process will be fully documented in reports, site forms, maps, drawings, and photographs. The BLM will forward documentation to the SHPO for review and concurrence.

If human remains are discovered on BLM-administered land, the treatment of human remains will be in accordance with NAGPRA and BLM policy. If human remains are discovered on private or state land during a BLM undertaking, the BLM will notify the State of Colorado Archaeologist immediately, who will comply with Colorado Revised Statutes (Appendix) regarding the discovery of human remains (24-80-1302).

2) The operator is responsible for informing all persons who are associated with the project operations that they will be subject to prosecution for disturbing or collecting vertebrate fossils, collecting large amounts of petrified wood (over 25lbs./day, up to 250lbs./year), or collecting fossils for commercial purposes on public lands. If significant paleontological resources are discovered during surface disturbing actions or at any other time, the proponent or any of his agents must a) stop work immediately at that site, b) contact the appropriate BLM representative, typically the project inspector or authorized officer, as soon as possible, and c) make every effort to protect the site from further impacts, including looting, erosion, or other human or natural damage.

The BLM or designated paleontologist will evaluate the discovery and take action to protect or remove the resource within 10 working days. Work may not resume at that location until approved by the official BLM representative.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, significant delays may occur while the AO enacts mitigation procedures. The operator may elect to contract an approved paleontologist to execute site mitigations in order to expedite proceedings. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

3) Should any excavation into the underlying bedrock (native sedimentary stone) become necessary to level the well pad, create access roads, etc., such excavation must be monitored by a permitted paleontologist. Where monitoring is required, the paleontologist must be present before the start of excavations and during all excavation through bedrock. A paleontological monitor is not expected to be necessary for this project. This monitoring requirement does not apply to the excavation of drill holes, post holes, or well shafts.

4) BLM wildlife staff will conduct ferruginous hawk surveys prior to construction initiation. Should an active nest be found, no development activity will be allowed within one mile of identified nests from February 1 through August 15 or until fledgling and dispersal of young. (WRRRA ROD TL-03).

5) No development will be allowed from January 1 – April 30 to avoid disturbing big game during the critical winter use period.

REFERENCES CITED:

Armstrong, Harley J. and David G. Wolny

1989 *Paleontological Resources of Northwest Colorado: A Regional Analysis*. Museum of Western Colorado, Grand Junction, Colorado.

Conner, Carl E. and Barbara Davenport

2010a Report of the Class III Cultural Resources Inventory for Eight Irregular Survey Areas (~100 Acres) Related to Drill Pad, Access Road or Pipeline Construction in Rio Blanco County, Colorado, for Blue Mtn. Energy. [GRI 2010-91]. Grand River Institute, Grand Junction, Colorado. WRFO CRIR# 10-11-30.

Conner, Carl E. and Barbara Davenport

2010b Class III Cultural Resources Inventory for Two Irregular Survey Areas Related to Drill Pads and Associated Access Routes in Rio Blanco County, Colorado, for Blue Mtn. Energy. Grand River Institute, Grand Junction, Colorado. WRFO CRIR# 09-11-28.

Tweto, Ogden

1979 Geologic Map of Colorado. United States Geologic Survey, Department of the Interior, Reston, Virginia.

COMPLIANCE PLAN: Blue Mountain Energy Inc., Deserado Mine Mining Permit

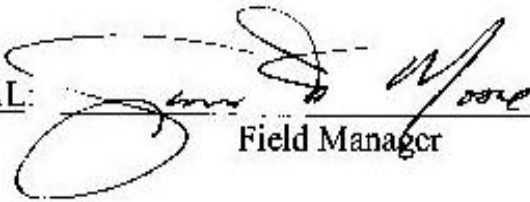
NAME OF PREPARER: Paul Daggett

NAME OF ENVIRONMENTAL COORDINATOR: Heather Sauls

DECISION AND RATIONALE: I have reviewed this CX and have decided to approve the proposed action.

This action is listed in the Department Manual as an action that may be categorically excluded. I have evaluated the action relative to the 12 criteria listed above and have determined that it does not represent an exception and is, therefore, categorically excluded from further environmental analysis.

SIGNATURE OF AUTHORIZED OFFICIAL:



Field Manager

DATE SIGNED:

1/31/11

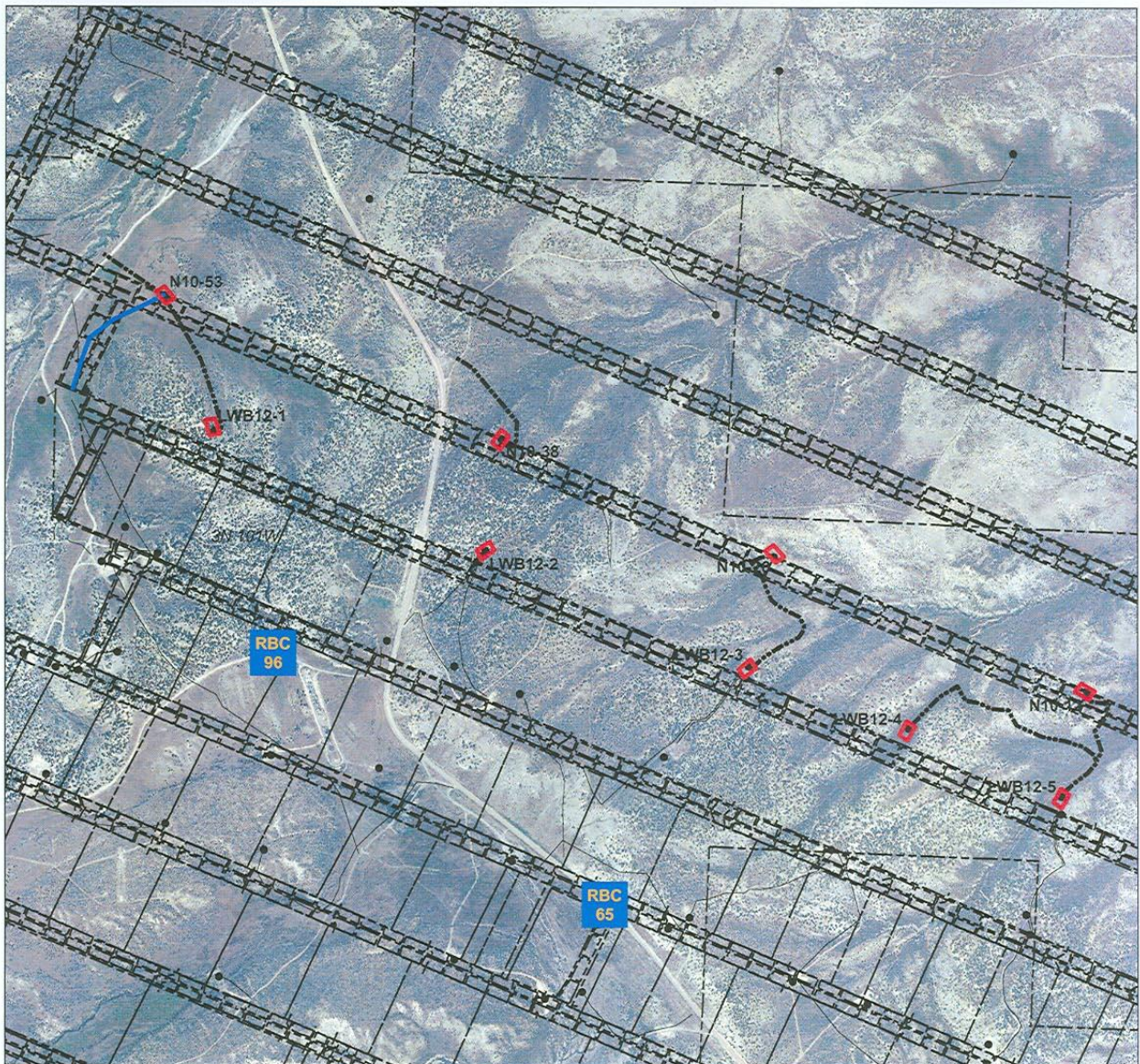
ATTACHMENTS:

Figure 1: General Location Map – Aerial Photo

Figure 2: General Location Map – Topo & Land Status

Figure 1: General Location Map – Aerial Photo

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Blue Mountain Energy (BME) 2011 Proposed Nitrogen Injection and Degas holes



T3N, R101W 6th P.M.
Sections 20, 28, 29

- Proposed Hole Location
- New Access
- Surface Nitrogen Line



11/08/2010



Sources:
 BLM, USGS, CDOW, etc.

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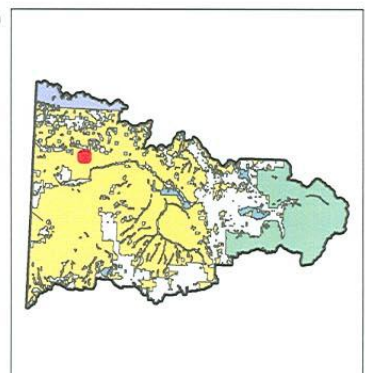
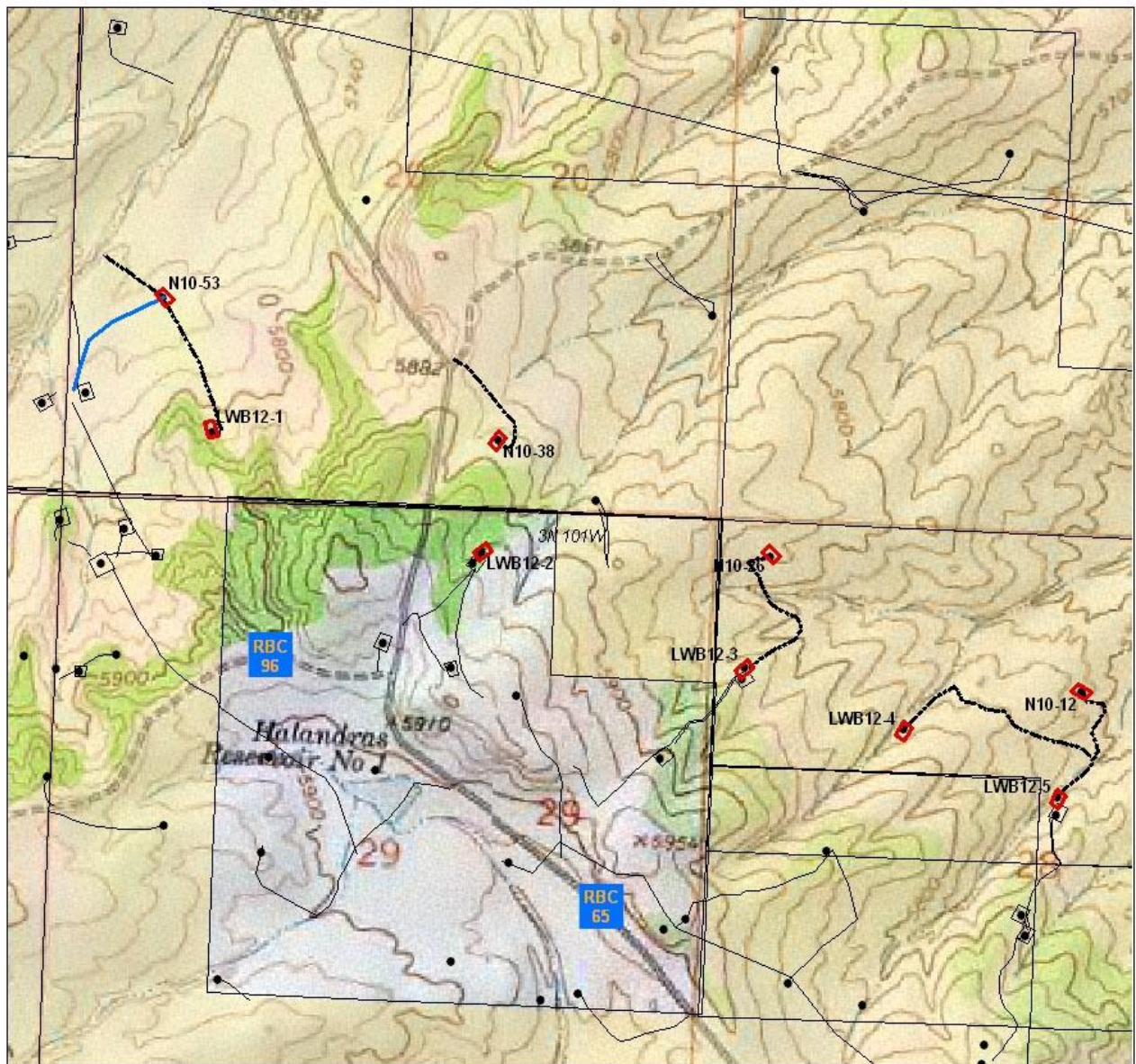


Figure 2: General Location Map: Topo & Land Status

DOI-BLM-CO-110-2011-0020-CX
Blue Mountain Energy (BME) 2011 Proposed Nitrogen Injection and Degas holes



**T3N, R101W 6th P.M.
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